

**SPECIAL COMMITTEE ON JOB CREATION/JOB RETENTION &
ECONOMIC DEVELOPMENT**

March 16, 2015

4:00 p.m.

Chairman Corriveau called the meeting to order.

The Clerk called the roll.

Present: Aldermen Corriveau, Ludwig, Long, Katsiantonis, Levasseur

Messrs.: M. Ispicki, D. Preece

3. [Presentation by the New Hampshire Rail Transit Authority.](#)

Michael Izbicki, Chairman of the NH Rail Transit Authority, stated I want to take a few minutes to explain what the NH Rail Transit Authority represents. Basically it was established by law about seven or eight years ago and its sole purpose is to bring passenger rail service to NH. It is a board made up of 28 individuals with 4 Governor's appointees and we meet every month. Again our goal is just to try to bring passenger rail to NH. Right now there are three projects underway in addition to the Downeaster which runs from Portland, ME down through NH to Boston. There is the Plaistow Extension, which is extending commuter rail from Haverhill to Plaistow. That is being studied right now. The other project is the expansion of the high-speed rail corridor from New Haven, CT through MA through VT and NH up to White River Junction. About 18 miles of that is in NH. The third project which I will talk about today is the NH Capital Corridor which is the one we have been really focused on for the last several years and that is extending the commuter rail service from Lowell, MA into NH. This is the third

study we have completed. The first two were privately funded. We looked at two things in this most recent study. First is what would the level of service be, second what would the job creation be and third was what would the economic development be as a result of the commuter rail expansion at least as far as Manchester. We really haven't studied it too far beyond that. Going into the study we looked at a few things. The average age of the population is decreasing in the next 20 years. The percentage of the population is increasing. It will be 65+ in every NH community in the near future. We are in the top four of the oldest states in the country. There has been a decrease of immigration into the state of NH and NH is ranked the worst state for young adults. This has come out from our studies and it has also come out from studies we have done with UNH. With that, going into this we looked at the NH Capital Corridor for several reasons. One as an economic driver, two expansion of our transportation system because one thing NH doesn't truly have and not all states do but a truly intermodal system which is a transportation system that consists of highway, rail, ports, airports, transit and everything so that folks have a choice as to what mode of transportation they want to use and they have a truly integrated transportation system. That is one of the criteria we looked at for this project. Right now there are roughly 165,000 vehicles in this corridor a day between 93 and Everett Turnpike. It is the only corridor in the US not serviced by rail with over 500,000 residents that are in the vicinity of a rail line. Also quality of life and all of that stuff. Basically what the project consists of is right now there are seven car trains that go from Lowell to North Station. What we are looking to do is expand that service because there are capacity issues at North Station and make these nine car trains and run the service all the way up to, at least initially, to Manchester with stops in Manchester around the Granite Street area. We haven't quite finalized where it would be but it would be in that general area. We looked at a stop at the airport just south of the access road on the west side of the river. The state owns 10 acres there. We also looked at two locations in Nashua. One being around the

Crown Street area that the City of Nashua is redeveloping and also right around the Pheasant Lane Mall/Spit Brook Road. Either behind the Pheasant Lane Mall or we are also looking at the Dow Plant there which is right at Spit Brook and Route 3. We just completed the alternative analysis study which is part of the process for bringing this project through the design, engineering and construction phase if we want federal grants. That is the route we are looking at right now. We looked at this and we came up with roughly 700,000 boardings a year. These are just NH residents that would ride the train. We are looking at roughly 16 trains to Manchester and 34 trains to Nashua. One of the things we also looked at in this alternative analysis study was the trains would run during peak morning and afternoon hours. Talking with some of the bus companies, and they have done this up in Portland, they reschedule their buses so their buses are running off peak hours so that you have your full intermodal type options available all day. It works very well in Portland and I see no reason why it wouldn't work here with the combined service. Just to give you an idea on the timetable, right now we finished the alternative analysis and the next phase is to go into what they call project development and preliminary engineering where we do all of the environmental impact studies, do all of the bridge ratings, determine what exactly needs to be done, refine the cost estimate which is at about \$250 million right now which includes rolling stock and we set it up so the work would be done by the local railroads which would be the MBTA in MA and we would have the operating railroad in NH, which is PanAm Rail doing the work which is the most cost-effective way to do it. We are looking at that phase and the design to be probably three to four years and once that is done it would be another two years of construction. During the construction phase we are looking at roughly 3,600 jobs created. Once that is up and running because there will be a lot of pre-planning about the time the service is operational there should be anywhere between 5,000 and 6,000 new jobs created by the opening day of the service. After that we are looking at anywhere from 1,500 to 2,000 jobs being created every year beginning

in 2030. I actually think that will be sooner because I use the example of the Old Colony down in Boston. I worked on that back in the 80's and 90's and in 2010 they exceeded their 2040 projections. That was a corridor just like this corridor with a lot of pent up demand for this type of transportation system. Some of the economic impact includes about \$2 million of commercial space being generated from this. There is a study ongoing right now with the Downeaster which has been in service about 12 years looking at the economic development from the NH/Maine line to Portland. They are estimating it is somewhere in the billions of dollars, which has contributed to the tax base up there. Reinvestment and earnings we are looking at another \$220 million a year. Again, we have used the base year of 2030. My personal projection is that it will be sooner than that. One of the other things too we have looked at with the Downeaster is UNH is really supportive of the service there. They have seen an increase in their student enrollment just because of the Downeaster being there. UNH has said they would like to expand their campus in Manchester and are looking for the trains and more of an intermodal transportation system before they can expand. Having worked in this business for 37 or 38 years, back in the 80's one of the initiatives we did was we worked with the Federal Transit Agency to fund transit systems within the universities. Those are up and running and the millenials coming out right now love those transportation systems because they don't want cars. That is why a lot of them are moving into the cities or into the suburbs that are serviced by intermodal transportation systems. Getting into the capital investment, right now we are looking at roughly \$246 million. The federal grant is \$72 million. Operating costs with that type of service I mentioned with 16 and 34 trains is about \$11 million a year. These costs are based on going after a federal FTA grant whether it be new starts or small starts 50/50 so the state would have to kick up 50% of the money and the feds would kick in the balance. With a bond you are looking at a 20-year debt of \$6 million a year. With the debt and everything else, you are looking at about \$11 million a year to run this. We are looking at about a

50-55% return on the fare box towards this. So half of this would be covered by the fare box and the other half would have to be an investment, subsidy or whatever you want to call it. It would have to come from another source. We have done two studies through the UNH Center. The response has been phenomenal between the residents, the youth, the seniors, the businesses, the chambers even all the way up to the Governor's Office to the point that the favorable response has been between 68% and 75%. We have been working with a lot of these different companies. Dyn has been phenomenal in supporting us. The chambers have been great. The planning commissions have been excellent. Garth you are right up there. It is a positive thing for the project. I kind of touched on this a little bit. The process is you do the feasibility studies, which we did and those are all privately funded and you do the alternative analysis and that was the report that was released in January. We have presented some legislation to restructure the authority. As I mentioned it is made up of 28 individuals and the federal government doesn't like to work with 28 member boards so we have introduced some new legislation to get it down to a 7 member board taking the existing board and making that an advisory board which is modeled after the MBTA and a few of the other agencies that have been successful. One thing too we are doing and I think this is going to be key in this project, is public/private partnership legislation. That was introduced this session. It was supposed to be introduced as enabling legislation. There was a decision made to study it first, which is fine and it looks like it is going to pass. Both of those bills have passed the Senate and the House seems to be supportive of it. What that means is the report will be done by the end of the year, which would give us time if it is a go and everybody agrees, to introduce enabling legislation for the public/private partnership which would all tie in nicely with our schedule here. There are interested parties if there is enabling legislation. I am working on my third public/private partnership in the country. It is in Washington right now. The first box that the finance people check off is does the state have enabling legislation. If

they do then that is usually the biggest hurdle so we are working on that right now. Again, we are looking at the project development funding and engineering phase to start taking place this year. What I have been doing and I know David has and a lot of our board members is finding that one of the things we need to do is just go out and educate people. First of all what is a transportation system and what is an intermodal transportation system, what is a rail system and how do they connect? I have been doing that on a regular basis and I know David has also. I think we have turned a few heads as far as getting people to understand that we are not here just pushing rail. It is an intermodal transportation system because you need all modes of transportation for two things. One for economic development and two for quality of life. As we know like the military there has to be subsidies in transportation. We are subsidizing our local road programs in our towns. That is coming right out of our property taxes. One key thing I tell people is the rail system in this country, whether it be MBTA, New York, Chicago or the Transcontinental railroads, they were all built with private funds. Our highway system was all built with public funds. We are just trying to take this to the next level.

David Preece, Executive Director, Southern NH Planning Commission & Vice Chair of the NH Rail Transit Authority stated one of the things we looked at in this alternative study was a matrix. I would urge all of you to go and see the matrix because it lays out all of the alternatives. What was interesting about the Manchester alternative was the fact that it created the most jobs and provided the greatest amount of benefits to the state and to Manchester. I think that needs to be looked at.

Mr. Izbicki stated that is part of the alternative analysis. You look at all of these different options. One other thing that stood out too and like David I encourage you to go to the website to see it was buses. We have invested a lot of money into buses, which we need. I am not saying get rid of buses but in every study I have done buses take economic development away from their origin. They are needed but they take the economic development away.

Mr. Preece stated that was justified in the study. They really don't create jobs. Highways don't create jobs. There are proven studies to show that there is job creation in both construction and permanent jobs with rail.

Mr. Izbicki stated when you integrate your modes of transportation systems into an intermodal system your job creation machine develops. The amount of jobs created is almost exponential. We are not saying that rail is going to handle everything. We still need to increase the size of 93. We need to expand the Everett Turnpike. We need to look at east/west access. We need to continue to build our bus and local transit systems and combine that with rail. We need to tie them all together so they make a complete system. One of the things too and this is fact is that the Manchester Airport is the only airport in the whole northeast not served by rail and it shows when you talk to airport officials. An intermodal transportation system is a recruiting tool for big airlines. We are the only airport from what I understand not served by JetBlue but you go to Worcester and there are two flights a day.

Mr. Preece stated that is the number one criteria if you want to attract international flights. You have to have passenger rail.

Mr. Izbicki stated I worked on a couple of these in California and in the mid-west and if there is a rail connection close to an airport that is not within walking distance the FAA actually works with the different DOT's and rail authorities to provide bus transportation. I have seen them fund 100% of...you know you run a bus from the terminal to the rail station. They funded that. I am not saying that is here but once you start building the basic infrastructure there are a lot of add-ons that federal agencies are willing to fund.

Chairman Corriveau stated thank you for the presentation. I have learned quite a bit from it. I wanted to ask you first about the timelines of everything. I think your second to last slide alluded to it. So this year essentially you are looking at by the end of the year passing enabling legislation for a public/private partnership as well as a restructuring of the NHRTA. You also mentioned that there is one more study that needs to happen. Could you go into a few more details about that study?

Mr. Izbicki responded it is not really a study. We have completed the studies. It is the project development/engineering phase. We have to do environmental impact studies. Because it is an existing corridor we can get what they call a CR which is basically that we view it. We are not going to move the ballasts and the tracks but just expand it so that is a pretty routine thing. We have to go and inspect the bridges and rate the bridges and make sure they are okay. We have to fine-tune the estimates. Originally we started this program about five or six years ago and we did what we called an order of magnitude estimate. We had it pegged somewhere around \$300 million. As we get further and further into the engineering, we refine the number.

Mr. Preece stated the number usually goes down.

Mr. Izbicki stated I can tell you right now that this \$250 million or this \$246.5 million has a 35% contingency in it. It also doesn't include...we are having some discussions with the MBTA where they will provide us their rolling stock which would come off that number. It actually works to their benefit because that rolling stock they would provide us would be compatible with their equipment so if we are going to extend the trains it is a lot easier to use existing equipment. They are also talking about providing us other infrastructure. There is track and layover facilities and all of that stuff. Again, they would provide that which would bring the cost down even further.

Mr. Preece stated but for this preliminary engineering study we have to come up with the \$6 million to do this. The Governor has shown support and it is in the budget but we are also looking at other avenues to find the money that is needed to do this study. It is crucial that we continue the progress.

Mr. Izbicki stated once we are done with that phase, we will then have a set of documents that the MBTA because they have to do the work on their system in Massachusetts and PanAm...we already have the agreements in place for PanAM to do the work. We have had those agreements in place for a couple of years so that is not even an issue anymore. People are saying you can't move forward because PanAm is going to fight you but actually PanAm has been good to work with and they entered into an agreement with the MBTA that will allow the MBTA to run passenger trains to Concord whenever they feel like it. There is no timeframe anymore because we completed the study. Once we are done with the engineering we will have a set of documents so they can procure the equipment, build it, install it and put it in service.

Chairman Corriveau asked so there are still a few more steps that will be undertaken at the state house in the next year before this study is rolled out? I think you mentioned it is a two year study?

Mr. Izbicki replied it is a two year phase. Once we have the money and the engineers on board, it is two years.

Chairman Corriveau asked so if that is green lighted this year up in Concord we are looking at 2018 or so before the phase is done and then two years of construction so the earliest theoretically we could be looking at rail serving Manchester is 2020?

Mr. Preece responded 2020 or 2021.

Mr. Izbicki stated that is what we are saying. We are hoping by the end of 2020. The construction would take place in 2019 and 2020.

Chairman Corriveau stated you mentioned something about the job creation aspect and that Manchester in particular would see a considerable leap in job creation. Could you give us a little more detail on that? I think you said you were looking at four stops with two in Nashua and one in the airport and one somewhere downtown. Your slides mentioned 5,600 permanent new jobs and I can't remember how many you said are created yearly...

Mr. Izbicki interjected 1,700.

Mr. Preece stated that starts in year 2030.

Chairman Corriveau asked is there any way you can break that down?

Mr. Preece answered yes. I should have brought the study with me but it has that broken down. It shows how many jobs if the line went up to Nashua and how many if it went to Manchester. Manchester definitely has the advantage and would create the largest number of jobs for the state.

Chairman Corriveau asked if the largest amount of jobs are created in Manchester due to passenger rail is that through several different sectors of the economy? You mentioned real estate and I assume the airport would probably see significant job creation and probably companies looking to expand in the millyard.

Mr. Preece replied the high tech companies like Dyn who are having difficulty attracting young, talented labor from Boston. If we had the rail system in place that would be an attraction to bring these young people here to work. Of course, these companies would be expanding.

Mr. Izbicki stated one thing too with rail, and this is what companies like, is there is very little lost productivity with the way people do their work now. You get on a train and these kids and adults and whoever start working. I take the train to New York because it is the best way to go from Providence to Boston two or three times a month and I will tell you I get more done because they have the internet service and everything else than I do on a plane. We were at a presentation and Dyn estimates that the state of NH loses anywhere between \$40 and \$50 million a year because of lost productivity with people sitting in traffic in their cars or whatever. If they were on the train, they would gain most of that back.

Mr. Preece stated the bus is a great transportation mode but it is not serving that particular population and they don't want to sit on a bus and waste time where there is no internet.

Chairman Corriveau stated one of the very exciting aspects of bringing passenger rail to Manchester is intermodal transportation. I think that could really be a game changer for downtown Manchester if there were some sort of intermodal transportation hub with buses running to Boston from downtown Manchester once again and the rail and connecting to the airport. Is that being looked at? An intermodal station in Manchester as opposed to just a platform on South Elm or the millyard?

Mr. Preece answered that is the idea of this...I wouldn't want to call it just a rail station. It is much more. It is where the inner City and intra City buses would come together and where people could ride their bikes from the trails in Goffstown and South Manchester and get on the rail and go down to Boston. It would have it all there. People wishing to live in the downtown could simply walk to the station.

Mr. Izbicki stated each station would be an intermodal facility, especially the airport. We have been approached over the last several years by developers willing to develop these properties on their expense and create an intermodal facility. To them it is a magnet for development.

Mr. Preece stated that is why the public/private partnerships are so important to get the enabling legislation so that developers can partner with the City of Manchester.

Chairman Corriveau responded you said there has been outreach from developers?

Mr. Izbicki replied yes, and I think some are even locking up some of the potential parcels.

Mr. Preece stated I get calls all the time from developers from out-of-state wanting to know when the rail is going to be there and I have to explain that we have several steps before us.

Chairman Corriveau stated clearly property tax values would rise pretty considerably. I think I have seen an estimate of around 10%. Is that accurate?

Mr. Izbicki answered within a mile or two of each station typically it is as high as 20% if you make it into an intermodal station.

Mr. Preece stated we are talking about ½ mile around the station.

Chairman Corriveau stated so in Manchester that would mean that commercial property values would take a huge jump.

Mr. Izbicki replied I think at some point there was discussion about having a local station and running just buses around the City.

Mr. Preece stated we have that right now with the green line.

Mr. Izbicki stated one thing I want to mention about private/public partnerships is if we were to go that route the state would have to put something up as an asset. Not necessarily tax dollars but one of the things we are looking at is if the legislation allows inter-state public assets like rolling stock from the MBTA to be used in NH we could use that as part of the public part of it. Rights-of-way where we have agreements between MBTA and PanAm to use the track is worth something. You are also able to go after federal grants. Let's say you have a \$200 million project and \$100 million ends up being funded by the state with land donations or whatever. You could get another \$50 or \$60 million from federal

grants and then the balance or the match money could come from private investors. I have seen that and it works very well.

Chairman Corriveau asked are you saying that there may be a plausible scenario where in local communities served by passenger rail like Nashua, Bedford and Manchester, local taxpayers may not have to pick up much of the bill at all?

Mr. Izbicki answered we don't know. I don't want to walk away saying that public/private partnerships are going to do away with any subsidy or investment. That is not true. We are going to have to work as a team and make sure that the state is willing to put some assets in there and the public assets could be from a town or a city or the state. It doesn't matter. We will then have to work with the MBTA who are more than willing to expand.

Chairman Corriveau asked does that dovetail into the TOD's you mentioned?

Mr. Preece asked the transit oriented development? Yes. It is a name for that development that encompasses the multi-modal station and makes it even more effective. That is something that we need to explore in Manchester and with the airport property to make sure that everything is in place. Once the rail starts to develop, we need to make sure that the developers have all the tools they need to make it happen.

Alderman Long stated whenever I think of passenger rail, I think of two questions. What is the cost to Manchester if we don't implement it and what is the cost to Manchester if we do implement it? By cost I mean what Manchester has to pay. Before I go there, I know there are a couple of legislative initiatives going on now but the approval...financial governance is that part of the state's budget or is that...

Mr. Preece interjected it is separate.

Alderman Long stated to where we are now, who gives the approval? Is it the Executive Council that gives the approval when we are ready for the implementation phase?

Mr. Izbicki answered yes. They have the final say.

Alderman Long asked but within the budget legislatively is there anything that needs to be in there?

Mr. Preece replied currently we have the budget item for the \$6 million and we are going through the process now of determining what is the best alternative. I think the NH Rail Transit Authority is on record supporting the Manchester alternative. It is not official yet. This will have to be vetted with the Senate and the House as well as the Executive Council.

Alderman Long asked are you talking about the \$6 million?

Mr. Izbicki answered yes.

Alderman Long stated let's say that gets approved. The next elected body would need to be the Executive Council that would approve this?

Mr. Preece responded first the legislative body would have to approve the \$6 million and then the Rail Authority has the power within it to work with DOT in getting the contracts out. We would have to go through the Executive Council because they approve all contracts.

Alderman Long asked if you could put the investment slide back up, I know these are preliminary numbers but we are looking at \$246 million and you are thinking 50% is federal money?

Mr. Izbicki answered right now the match is 80%/20% but that is going to change when they reauthorize map 21 to 50%/50%. So we are 50%/50%.

Alderman Long asked and 35% of this \$246 million is contingency?

Mr. Izbicki replied yes.

Alderman Long asked is that kind of high?

Mr. Izbicki responded actually in the \$300 million estimated that I worked on we had 45% contingency because you are kind of taking a...it is an order of magnitude. Until you get in and know what type of rail you are going to put and what type of tie all you can say is it is going to cost this. I have a budget for a house of \$300,000 and then you go to the bank and you end up building it for \$250,000. This is the same train of thought.

Mr. Preece stated that is why this next stage, this preliminary development, is so important. That will give us even more specific numbers.

Alderman Long stated what I am looking for is if everything went according to plan and you have the two stops in Nashua and one stop in Manchester, what is the rough number that you would look for from Manchester and would that number include public/private partnerships. Is there a rough number that we would know for Manchester?

Mr. Izbicki responded right now I don't see any money coming from any town for this. The stations would be done by the developers. There is what we are looking at. That would be private money invested into the stations. The overall project would be funded by the state and that is where that annual debt service of \$6 million comes in. It would be in the general state budget and not in the individual town or city budgets. This would all be at the state level.

Alderman Long asked so once it is operating it would be \$6 million?

Mr. Izbicki answered no. That is the debt service.

Alderman Long asked just to get it on line?

Mr. Izbicki answered just to build it. Then you have insurances and everything else so it is about \$11 million a year to run this operation.

Alderman Long asked how does that break out?

Mr. Izbicki responded \$6 million for the annual debt service and the NH investment of \$7 million and the net operating cost insurance would be about \$1 million. That gives you \$11 million a year to operate. The first ticket on that train is \$11 million. After that it is free.

Alderman Long replied so where does the money for the \$11 million come from?

Mr. Preece stated that is what we are going to be looking at in this next phase, the financial package.

Mr. Izbicki stated the ticket sales will cover a lot of that plus there is advertising. These trains will be equipped with streaming video and displays and people will pay to advertise on them. Plus we can sell things on the trains. All of that is revenue that contributes to the annual operating cost.

Alderman Long asked so the \$11 million is the amount that we have to figure out how it is going to get paid?

Mr. Preece stated actually it is \$7 million when you add in the fare box.

Mr. Izbicki stated that is the total cost but the additional monies we would need are around \$6 to \$7 million.

Alderman Long stated I am kind of thinking the annual debt service to the state is probably going to...they will probably want to grab a little bit from Manchester or Nashua whether it is rooms and meals or whatever.

Mr. Izbicki responded that hasn't been decided. They are talking about just a bond.

Alderman Long stated I am thinking of somebody up in Conway voting for me to have this train.

Mr. Preece replied there is a misconception that the NH Capital Corridor only benefits Manchester, the airport and Nashua. It benefits the entire state. People in Plymouth would be benefitting from the jobs that will be created. This is beneficial for the entire state and that is the way we have to look at it.

Mr. Izbicki stated one thing that rail service/a true intermodal system does is stabilizes, especially in the smaller states, the entire tax base for the state. Like Massachusetts and parts of Maine have been stabilized because of the Downeaster. Vermont has invested heavily in their rail system and they are finding that their tax base and real estate market is stabilizing even though it is older. One of the things we are finding too is there are a lot of companies in the high tech business that want to move here but they can't get people to move here so they keep a small office here and set up a big office in Massachusetts.

Mr. Preece stated even those small offices are being jeopardized because they can't get the labor.

Alderman Long asked has anybody looked at the maintenance costs to 93 or Route 3? The decrease in maintenance costs? I would assume you are taking cars off of 93 so there is a cost associated with maintenance and they have it down pretty good with every five years or every eight years or every ten years here is what I spend with this many cars and if you take away this many cars we could reduce whatever. In the reports I haven't seen any of that. That is another opportunity.

Mr. Preece stated correct and the other opportunity is freight rail that will also be available. Once you improve for passenger, you improve for freight. You make it even more feasible to use that. Hopefully we will be taking some of the larger vehicles off the highways and transporting materials through freight rail.

Mr. Izbicki stated a lot of those details were touched on under some of the financial models in the study. In the next phase we will get into the specifics like what the annual savings will be and how many cars we will take off the road and that type of stuff. To David's point, one of the things we are looking at too...well first of all you can't have a quality commuter rail system without having a quality

freight system. One of the things that would come out of this budget that they are talking about is having what they call intermodal freight. You have probably seen it in Worcester. One of the things that has been spoken about is right around Bow or Concord is you set up a transfer station to take the tractor-trailers and put them on rail. So from Concord south the tractor-trailers run on piggybacks. What does that do on the highways? It relieves congestion and one of the things that trucks do is they destroy expansion joints on a bridge so you are taking all of that off. That is being looked at. That will all be finalized in the next phase. One point I want to make clear is no matter what we do and whether we go with a public/private partnership or we go to the federal grant 50%/50% process or a combination we have to pay for the next phase. We have to pay for that. We will recoup costs later on but we have to front the money to complete the next phase and that is the \$6 million.

Alderman Long stated I am still trying to get my arms around whether we even need to expand 93. My understanding is once we expand 93 it is going to need more expansion.

Mr. Preece responded I don't agree with that. I think once 93 is expanded to three lanes going in both directions and possibly four in certain areas, I don't see...I don't think 93 can be expanded beyond that because of the environmental circumstances.

Alderman Long stated people are assuming that we are going to have traffic relief. It will probably happen the first year but I am thinking it is still going to be bumper-to-bumper even with three lanes on each side. We have to consider all of those investments with this investment also.

Mr. Preece replied right and if the traffic isn't moving the buses aren't moving and people aren't getting to their jobs and they are not coming here.

Alderman Long stated the amount of money we put into public busing also has to be weighed.

Mr. Izbicki stated there are two parts to that. There is the capital investment we made into all of those transportation system centers and the actual buses plus the wear and tear they do on the bridges and roads. That stuff we will get into in the next phase. Those are points well taken. Those are our questions too.

Alderman Long asked did you say the two legislative initiatives are coming from the Senate?

Mr. Izbicki answered they passed the Senate. They are bills 63 and 88.

Mr. Preece stated the public/private partnerships is Senate Bill 88 and Senate Bill 63 is the restructuring of the NH Transit Authority.

Alderman Levasseur asked how much of the rail is already laid right now?

Mr. Izbicki responded let's put it this way. The corridor is there but the whole line has to be refurbished. We need new rail, new control systems, new crossings and new civil work to support the new rail plus some bridgework.

Alderman Levasseur asked so as far as dealing with environmental issues that won't be major like it was in 1993 when they expanded?

Mr. Izbicki replied no the corridor is already there.

Alderman Levasseur asked did you do a historical study on the previous rail that was here in Manchester and where that went? It is the same route or is it a different route?

Mr. Izbicki responded it is the same route. The other thing on the environmental stuff is once the old track comes up you basically put new ballasts on it and cap it so you don't move anything that is there.

Mr. Preece stated there might be areas where we put the sightings in to keep the traffic going but that is minimum.

Alderman Levasseur asked if the rail is already there and the environmental concerns are already taken care of, why is it \$246 million? Does the state have to buy the actual cars?

Mr. Izbicki replied no. There are agreements in place. That is privately owned by PanAm. There are operating agreements in place signed, sealed and delivered where MBTA can run commuter rail to Manchester and if they so desire they can run Amtrak service or inner-City service to Concord.

Mr. Preece stated and there are discussions going on with MBTA.

Alderman Levasseur stated Boston already has trains. Do those trains come this way and go back?

Mr. Izbicki responded they go as far north as Lowell.

Alderman Levasseur asked and they can come further if we add to them and that is what our plan is?

Mr. Izbicki answered correct.

Alderman Levasseur asked is the \$246 million just all in the rail?

Mr. Izbicki replied I can break it down a little bit. The rolling stock is probably \$80 million. Those are the vehicles. Then you have a layover facility somewhere, which is about \$15 million. Then you have about \$10 million for four stations. The rest is your rail and your train control systems.

Alderman Levasseur asked so \$10 million for four stations?

Mr. Izbicki answered \$10 million per stations so about \$40 million per station. I think it is \$15 or \$20 million for the layover facility.

Alderman Levasseur stated I know Alderman Corriveau touched on this but you are saying there is a possibility that there would be no...is each town basically responsible for their own station?

Mr. Izbicki responded what we are saying is the developers want to build the station so there will be no cost to the taxpayer. That would all be done through developers. Some developers are looking at two or three locations and then there are developers looking at just one location.

Alderman Levasseur asked do you know the developer who built the rest areas where the tollbooth is did he do that for himself and does he get the revenue?

Mr. Preece answered I believe that was a joint partnership between the state and the developer. That is the type of model that we will be looking at for each of the train stations.

Mr. Izbicki stated one of the comments I heard was we already have private/public partnerships in NH. We did some research. They are partially correct. There is a private/public partnership for water and sewer lines and for the two rest areas on 93 in Hooksett. Our legislation expands it to all intermodal transportation. So it is all encompassing statewide.

Alderman Levasseur asked what is holding the whole thing back. I hear that you want more money to study. What do you need to study?

Mr. Izbicki answered we don't want to study it. We want to get into the engineering phase. The studies are done. We are going to go into the environmental, the bridges and the preliminary engineering. We have to do that to put a set of drawings and specs together so the railroads can build it. That is the next phase. Also during the next phase we apply for grants if we want to do that. Once that is done and we get the go ahead then we go out to bid and build it which is two years. We are going into engineering now but the FTA has redefined it as project development. It is still the same thing. We are going to take it to a 30% design level.

Alderman O'Neil stated this is not a criticism but I have seen variations of this presentation and is there a way to simplify...it gets a little confusing as to what the costs are. Not the \$246 million and what makes that up but what is the debt service going to be every year. Is that \$6 million?

Mr. Izbicki responded yes assuming a 50%/50% state and federal match.

Alderman O'Neil asked and the operating subsidy is how much a year?

Mr. Izbicki answered about \$1 million.

Alderman O'Neil stated it gets a little confusing when you say you need \$11 million annually for operating. It is \$7 million that needs to be made up correct?

Mr. Izbicki responded correct. That is the difference after everything else has been paid for.

Alderman O'Neil asked do you have any idea what the subsidy is for the Downeaster in Maine? My understanding is they take their federal CMAQ allotment and that pays the subsidy.

Mr. Preece replied they still have to come up with the 20%

Mr. Izbicki stated right now their fare box return is about 55% of operating costs.

Alderman O'Neil asked do you have any idea what that number is?

Mr. Izbicki replied probably \$18 or \$20 million a year so 55% of that is from the fare box and other revenues.

Alderman O'Neil asked what do they put in on their CMAQ funding?

Mr. Izbicki answered I don't know.

Alderman O'Neil stated it is significant.

Mr. Preece stated I believe it is the entire CMAQ.

Mr. Izbicki stated probably the whole balance.

Alderman O'Neil asked do you have any idea what that number is? Is it \$10 million?

Mr. Izbicki stated \$8 to \$9 million is what they have to subsidize.

Alderman O'Neil stated I remember from previous presentations that Manchester to Boston with all of the stops in between has approximately 2,000+ riders a day. Is that correct?

Mr. Izbicki replied it is 2,600.

Alderman O'Neil stated one thing that wasn't in the report is what I call the reverse commute. That is people coming north. We hear this come up all the time. If they are talking about it with our businesses in the millyard, it has to happen in Merrimack and in Nashua. Have you heard a number come up of how many people that may be?

Mr. Izbicki responded let me explain the process. When this alternative study went out for bid and it was awarded, the first thing the consultant did was go and sit with the FTA and establish the criteria for the study. One of the criterions for the study was the ridership numbers and what they said they were going to look at was peak ridership and that is a.m. from Manchester to Boston and p.m. for Boston to Manchester. This service is only five-day service. This is not weekend service. What they didn't look at was weekend service, holiday service, airport

commutes and reverse commutes. In Manchester we kind of have a unique situation. We have two commutes. We have the work hour commute and then we have the airport commute, which is earlier and later than the worker's commute. Those numbers were not really looked at. It was a very conservative ridership projection in my opinion. I think the numbers are a lot higher.

Mr. Preece stated that is because we had to comply with the FTA.

Alderman O'Neil stated I think that number is in there and can help with fare box, etc. I am very encouraged by this. It started out at \$300 million and now it is down to \$246 million and maybe at the end of the day it will be even less than that. I am very encouraged and I think this could be a difference maker for the City of Manchester.

Mr. Izbicki stated I want to mention the 2024 Olympics. One of the criteria for the Olympic Committee is to establish a regional transportation system. This is part of the regional transportation system. When New York applied for the Olympics one of the questions was do you have a regional transportation system and it is very well defined in the application process. For Boston, they don't have enough facilities in Boston proper to support the games so they are going to be looking for other venues and locations for games. That is why they need the regional transportation system.

Chairman Corriveau asked are you saying that the Boston Olympic Committee has actually in some way factored this Capital Corridor...

Mr. Izbicki interjected I am saying they are going to commit to a regional transportation system.

Chairman Corriveau asked commit financially?

Mr. Izbicki answered they are going to have to commit to doing something. There are a lot of financial commitments on the application.

Alderman O'Neil asked are there any examples out there of...this took a very broad snapshot of the economic impact so are there any case studies or more detailed information that could be applicable to the real opportunities with this line?

Mr. Izbicki responded just look at Downeaster and look at the Old Colony.

Alderman O'Neil asked are there any reports that exist?

Mr. Izbicki replied yes.

Alderman O'Neil asked is that something you can get us?

Mr. Preece stated this morning I provided Aldermen Corriveau and Long information about existing transit oriented developments in the New England states.

Alderman O'Neil asked but if there were actual cases that showed this rail investment happened and there were X number of actual jobs and real estate values increased by X, etc.? This is very big. There has to be information that is a lot lower than that.

Mr. Izbicki stated there is and that is a good point. The American Passenger Transit Association has a whole library. They archive studies like this and construction and the actual results. We could look that up.

Chairman Corriveau stated David I think you mentioned something about the matrix with the job breakdown.

Mr. Preece responded that is in the report itself and I would urge all of you to go to the DOT site and look at that. It has the executive summary where the matrix is located plus it has all of the supporting documents.

Alderman O'Neil stated we get a lot of information every day on a lot of different things. Is there any way you can provide that summary through the Clerk and they can get it out to everyone?

Mr. Preece replied sure.

Alderman Long asked could we look at comparisons as to the reason in the 80's why it didn't work?

Mr. Izbicki answered that was a grant from the feds to run service but Boston & Maine owned the property at the time. In addition to allowing passenger service, they got a lot of money to upgrade their system. It was a 13-month trial. That is all it was for.

Alderman Long stated I am getting a lot of constituents saying it didn't work before so what makes you think it is going to work now.

Mr. Izbicki responded it didn't work before because the average speed was 5 mph or 10 mph because the track was in that bad of shape. The money they got to run the service, which was millions, allowed them to upgrade the service to 45 mph. By the time they were finished with it, the grant was gone so the train went away. It was unfortunate but it was a private railroad.

Chairman Corriveau stated we have to wrap up because we have another meeting. I want to thank you both for this presentation. It is abundantly clear that the economic benefits from bringing passenger rail to Manchester are real and they are significant. I think that they are, in fact, absolutely necessary to move Manchester forward into the 21st century economy. With the thousands of new jobs it would create and the boost in property tax values and the incredible impact it would have on our downtown, I think you make a very strong case. I am certainly happy to be a supporter and I thank you for all your work.

Mr. Izbicki stated if you need us to come back to talk specifics...I do sense you are going to want us to come back once we get into the weeds with the financials. Right now we are just trying to start the conversation.

Chairman Corriveau stated over our next couple of meetings we will be hearing from some key stakeholders in the City. We mentioned how the railroad will benefit all sectors of the economy and we want to hear from those different sectors in the coming months and then we are hoping as you and Alderman Long mentioned at our first meeting that by the summer we will have a pretty good idea of where the state will be politically and with timelines. We will then wrap up towards the end of the year with some more detail. We will certainly be reaching back out to you by the end of the year.

*There being no further business, on motion of **Alderman Long**, duly seconded by **Alderman Ludwig**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is fluid and cursive, with a long horizontal stroke at the end.

Clerk of Committee